



# AIRSTAR BANK LIMITED

INTERIM REPORT 2024

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**CONDENSED STATEMENT OF PROFIT OR LOSS (unaudited)**  
**FOR THE PERIOD ENDED 30 JUNE 2024**

	Notes	Half-year ended 30 June 2024 HK\$000	Half-year ended 30 June 2023 HK\$000
Interest income	2	47,603	44,003
Interest expense	3	(27,740)	(23,782)
<b>Net interest income</b>		19,863	20,221
Net gain from investment in securities	4	-	1,040
Other income	4	297	124
<b>Total income</b>		20,160	21,385
Operating expenses	5	(143,603)	(120,827)
Finance costs	6	(769)	(962)
Impairment losses		(7,576)	(4,525)
Bad debt recovery		558	236
<b>Loss before income tax</b>		(131,230)	(104,693)
Income tax expense	7	-	-
<b>Loss for the period</b>		(131,230)	(104,693)

The notes on pages 6 to 17 are the integral part of these interim financial information.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)**  
**FOR THE PERIOD ENDED 30 JUNE 2024**

	<b>Half-year ended 30 June 2024 HK\$000</b>	<b>Half-year ended 30 June 2023 HK\$000</b>
<b>Loss for the period</b>	(131,230)	(104,693)
<b>Other comprehensive income, net of tax:</b>		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of financial assets at fair value through other comprehensive income (“FVOCI”)	659	5,052
Transfer to income statement on disposal and redemption of financial assets at FVOCI	-	(3,129)
<b>Total comprehensive income for the period</b>	<b>(130,571)</b>	<b>(102,770)</b>

The notes on pages 6 to 17 are the integral part of these interim financial information.

**CONDENSED BALANCE SHEET (unaudited)**  
**AT 30 JUNE 2024**

	Notes	At 30 Jun 2024 HK\$000	At 31 Dec 2023 HK\$000
<b>Assets</b>			
Balances with banks	8	207,107	231,601
Placement with banks	8	125,727	183,754
Investment in securities	10	1,560,191	1,044,566
Loans and advances to customers	9	657,682	668,769
Prepayment and other assets		39,198	56,580
Property and equipment	11	5,578	8,699
Right-of-use assets	12	27,369	36,083
Intangible assets	13	84,990	95,541
		<hr/>	<hr/>
<b>Total Assets</b>		2,707,842	2,325,593
		<hr/>	<hr/>
<b>Liabilities</b>			
Deposits from customers	14	1,760,715	1,676,605
Other payables and accruals		46,294	52,782
Lease liabilities	12	26,470	35,251
Make good provision		3,418	3,418
		<hr/>	<hr/>
<b>Total Liabilities</b>		1,836,897	1,768,056
		<hr/>	<hr/>
<b>Equity</b>			
Share capital		1,940,000	1,500,000
Other reserves		29,740	25,102
Accumulated losses		(1,098,795)	(967,565)
		<hr/>	<hr/>
<b>Total Equity</b>		870,945	557,537
		<hr/>	<hr/>
<b>Total Liabilities and Equity</b>		2,707,842	2,325,593
		<hr/>	<hr/>

The notes on pages 6 to 17 are the integral part of these interim financial information.

**CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)**  
**FOR THE PERIOD ENDED 30 JUNE 2024**

	<b>Share capital HK\$000</b>	<b>Other reserves HK\$000</b>	<b>Accumulated losses HK\$000</b>	<b>Total equity HK\$000</b>
<b>At 1 January 2023</b>	1,500,000	17,568	(759,302)	758,266
Total comprehensive income	-	1,923	(104,693)	(102,770)
Employee share scheme	-	3,286	-	3,286
<b>At 30 June 2023</b>	1,500,000	22,777	(863,995)	658,782
Total comprehensive income	-	553	(103,570)	(103,017)
Employee share scheme	-	1,772	-	1,772
<b>At 31 December 2023</b>	1,500,000	25,102	(967,565)	557,537
Total comprehensive income	-	659	(131,230)	(130,571)
Employee share scheme	-	3,979	-	3,979
Issuance of ordinary shares	440,000	-	-	440,000
<b>At 30 June 2024</b>	1,940,000	29,740	(1,098,795)	870,945

The notes on pages 6 to 17 are the integral part of these interim financial information.

**CONDENSED STATEMENT OF CASH FLOWS (unaudited)**  
**FOR THE PERIOD ENDED 30 JUNE 2024**

	Notes	Half-year ended 30 June 2024 HK\$000	Half-year ended 30 June 2023 HK\$000
<b>Cash flows from operating activities</b>			
Loss before income tax		(131,230)	(104,693)
Adjustments for:			
Interest income	2	(47,603)	(44,003)
Interest expense	3	27,740	23,782
Interest on lease liabilities	6	594	893
Impairment losses		7,576	4,525
Bad debt recovery		(558)	-
Depreciation of property and equipment	11	3,271	5,568
Depreciation of right-of-use assets	12	8,715	8,532
Amortisation of intangible assets	13	20,332	17,321
Loss on termination of leases	12	-	22
Employee share scheme	5	3,979	3,286
Changes in:			
Loans and advances to customers		4,060	77,483
Placement with banks with original maturity beyond 3 months		7,827	-
Prepayment and other assets		19,146	(10,602)
Deposits from customers		84,110	(162,398)
Other payables and accruals		(5,792)	3,181
Interest received		45,838	45,629
Interest paid		(28,436)	(22,712)
Net cash from/(used in) operating activities		19,569	(154,186)
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	13	(9,781)	(10,482)
Purchase of property and equipment	11	(150)	(290)
Purchase of investment securities		(1,239,161)	(678,657)
Proceeds from disposal and redemption of investment securities		724,208	576,351
Net cash used in investing activities		(524,884)	(113,078)
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	12	(9,375)	(9,187)
Proceeds from issuance of ordinary shares	16	440,000	-
Net cash from/(used in) financing activities		430,625	(9,187)
<b>Net change in cash and cash equivalents</b>		(74,690)	(276,451)
<b>Cash and cash equivalents as at 1 January</b>		384,103	680,479
<b>Cash and cash equivalents as at 30 June</b>	15	309,413	404,028

The notes on pages 6 to 17 are the integral part of these interim financial information.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)

### 1 General information

Airstar Bank Limited (the “Bank”) is a private limited liability company incorporated in Hong Kong Special Administrative Region (“Hong Kong”) of the People’s Republic of China (the “PRC”) on 13 July 2018. It is a licensed bank authorised under the Hong Kong Banking Ordinance since 9 May 2019. The principal activity of the Bank is to carry out banking and related financial services as a virtual bank in Hong Kong and was officially launched on 11 June 2020.

The Bank is wholly-owned by Gravitation Fintech HK Limited, a company incorporated in Hong Kong. The Bank’s ultimate holding company is Xiaomi Corporation, a company incorporated in the Cayman Islands and is listed in Hong Kong.

The address of the Bank’s registered office is Suites 3201-07, 32/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

#### 1.1 Basis of preparation

##### a) Material accounting policies

The interim financial information for the six months ended 30 June 2024 has been prepared under the Banking (Disclosure) Rules made under Section 60A of the Banking Ordinance, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in the preparation of the interim financial information disclosure are consistent with those used in the preparation of the Bank’s audited financial statements for the year ended 31 December 2023 except for the adoption of the HKFRSs and HKASs issued up to 30 June 2024 which are pertinent to the Bank’s operations and relevant to these interim financial information.

The preparation of the interim financial information requires management to exercise judgements, use estimates and make assumptions that affect the application of policies and reported amounts in the financial statements. Actual results may differ from these estimates. The significant judgements made by management are the same as those disclosed in the financial statements for the year ended 31 December 2023.

The interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The interim financial information are unaudited.

“Improvement to HKFRSs” contains numerous amendment to HKFRSs which the Hong Kong Institute of Certified Public Accountants considers not urgent but necessary. It comprises amendments that result in account changes for presentation, recognition or measurement purpose as well as terminology or editorial amendments related to a variety of individual HKFRSs.

The adoption of the above amendments and improvements, do not have a material impact to the interim financial information of the Bank.



## NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)

### 1.1 Basis of preparation (continued)

#### b) Requirement in connection with publication of interim financial information

The financial information relating to the year ended 31 December 2023 that is included in the interim financial information for the six months ended 30 June 2024 as comparative information does not constitute the Bank's statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Bank is a private company, the Bank is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Bank's auditor has reported on the financial statements for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### 2 Interest income

	<b>Half-year ended 30 June 2024 HK\$000</b>	<b>Half-year ended 30 June 2023 HK\$000</b>
Interest income arising from:		
Financial assets measured at amortised cost	33,687	38,687
Financial assets measured at FVOCI	13,916	5,316
	<hr/>	<hr/>
<b>Total</b>	<b>47,603</b>	<b>44,003</b>
	<hr/>	<hr/>

### 3 Interest expense

	<b>Half-year ended 30 June 2024 HK\$000</b>	<b>Half-year ended 30 June 2023 HK\$000</b>
Interest expense arising from:		
Financial liabilities measured at amortised cost	27,740	23,782
	<hr/>	<hr/>

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**4 Net gain from investment in securities and other income**

	<b>Half-year ended 30 June 2024 HK\$000</b>	<b>Half-year ended 30 June 2023 HK\$000</b>
Net loss on derecognition of financial assets at amortised cost	-	(2,089)
Net gain on derecognition of financial assets at FVOCI	-	3,129
Other income	297	124
	<hr/>	<hr/>
<b>Total</b>	<b>297</b>	<b>1,164</b>
	<hr/>	<hr/>

**5 Operating expenses**

	<b>Notes</b>	<b>Half-year ended 30 June 2024 HK\$000</b>	<b>Half-year ended 30 June 2023 HK\$000</b>
Auditor's remuneration		1,203	1,160
Depreciation of property and equipment	11	3,271	5,568
Depreciation of right-of-use assets	12	8,715	8,532
Amortisation of intangible assets	13	20,332	17,321
Staff costs		56,776	53,655
- Salaries, allowances and benefits in kind		58,575	47,797
- Retirement benefit		(5,778)	2,572
- Employee share scheme		3,979	3,286
Legal and professional fees		4,762	5,459
Other operating expenses		48,544	29,132
- Marketing and agency fee		718	7,639
- Information services fee		43,196	20,557
- Foreign exchange differences, net		397	(3,596)
- Others		4,233	4,532
		<hr/>	<hr/>
<b>Total</b>		<b>143,603</b>	<b>120,827</b>
		<hr/>	<hr/>

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**6 Finance costs**

	Notes	Half-year ended 30 June 2024 HK\$000	Half-year ended 30 June 2023 HK\$000
Interest on lease liabilities	12	594	893
Bank charges		175	69
<b>Total</b>		<b>769</b>	<b>962</b>

**7 Income tax expense**

		Half-year ended 30 June 2024 HK\$000	Half-year ended 30 June 2023 HK\$000
Current income tax		-	-
Deferred income tax		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

The applicable Hong Kong profits tax rate is 16.5% (2023: 16.5%). No provision for Hong Kong profits tax has been made (first half of 2023: Nil) as the Bank had no estimated assessable profits for the periods.

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**8 Balances and placement with banks**

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Balances with banks		
- Cash at banks	40,574	65,255
- Due from Hong Kong Monetary Authority	166,533	166,346
Less: Impairment allowances - Stage 1	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>207,107</b>	<b>231,601</b>
	<hr/>	<hr/>

Balances with banks are denominated in Hong Kong dollars, Renminbi and United States dollars.

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Placement with banks maturing		
- On or less than 3 months	102,306	152,502
- More than 3 months or less than 6 months	23,425	31,252
Less: Impairment allowances - Stage 1	(4)	-
	<hr/>	<hr/>
<b>Total</b>	<b>125,727</b>	<b>183,754</b>
	<hr/>	<hr/>

Placement with banks are denominated in Hong Kong dollars, Renminbi and United States dollars.

As at 30 June 2024 and 31 December 2023, there were no impaired, overdue or rescheduled balances and placement with banks.

**9 Loans and advances to customers**

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Gross loans and advances to customers	686,439	699,605
Less: Impairment allowances		
- Stage 1	(15,022)	(17,371)
- Stage 2	(2,232)	(1,678)
- Stage 3	(11,503)	(11,787)
	<hr/>	<hr/>
<b>Total</b>	<b>657,682</b>	<b>668,769</b>
	<hr/>	<hr/>

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**10 Investment in securities**

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Investment in securities measured at:		
- FVOCI	1,159,450	642,372
- Amortised cost	400,799	402,293
Less: Impairment allowances - Stage 1	(58)	(99)
	<hr/>	<hr/>
<b>Total</b>	<b>1,560,191</b>	<b>1,044,566</b>
	<hr/>	<hr/>
Issued by:		
- Sovereigns	456,814	338,566
- Banks	473,593	201,822
- Corporates and Financial institutions	629,784	504,178
	<hr/>	<hr/>
<b>Total</b>	<b>1,560,191</b>	<b>1,044,566</b>
	<hr/>	<hr/>

As at 30 June 2024 and 31 December 2023, there were no impaired, overdue or rescheduled investment securities.

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**11 Property and equipment**

	<b>Leasehold improvement HK\$000</b>	<b>Furniture and fixture HK\$000</b>	<b>Computer equipment HK\$000</b>	<b>Total HK\$000</b>
<b>Cost</b>				
At 31 December 2022	14,396	2,025	52,146	68,567
Additions	-	-	498	498
At 31 December 2023	14,396	2,025	52,644	69,065
Additions	-	-	150	150
At 30 June 2024	14,396	2,025	52,794	69,215
<b>Accumulated depreciation</b>				
At 31 December 2022	(14,024)	(1,272)	(36,259)	(51,555)
Depreciation charge	(343)	(405)	(8,063)	(8,811)
At 31 December 2023	(14,367)	(1,677)	(44,322)	(60,366)
Depreciation charge	(29)	(203)	(3,039)	(3,271)
At 30 June 2024	(14,396)	(1,880)	(47,361)	(63,637)
<b>Carrying amount</b>				
At 31 December 2023	29	348	8,322	8,699
At 30 June 2024	-	145	5,433	5,578

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**12 Leases**

The condensed balance sheet shows the following amounts relating to leases:

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
<b>Right-of-use assets</b>		
Office and centres	21,211	26,596
Equipment and server racks	5,604	8,564
Staff quarters	554	923
	<hr/>	<hr/>
<b>Total</b>	<b>27,369</b>	<b>36,083</b>
	<hr/>	<hr/>
<b>Lease liabilities</b>		
Current	16,348	16,936
Non-current	10,122	18,315
	<hr/>	<hr/>
<b>Total</b>	<b>26,470</b>	<b>35,251</b>
	<hr/>	<hr/>

There were no additions to the right-of-use assets for the period ended 30 June 2024 (30 June 2023: HK\$2,124,000). The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 4.06% (30 June 2023: 4.04%).

The condensed statement of profit or loss shows the following amounts relating to leases:

	<b>Half-year ended 30 June 2024 HK\$000</b>	<b>Half-year ended 30 June 2023 HK\$000</b>
<b>Depreciation of right-of-use assets</b>		
Office and centres	5,385	5,385
Equipment and server racks	2,960	2,962
Staff quarters	370	185
	<hr/>	<hr/>
<b>Total</b>	<b>8,715</b>	<b>8,532</b>
	<hr/>	<hr/>
Interest expense (Note 6)	594	893
Expense relating to short-term leases (included in operating expenses)	-	-
Loss on termination of leases (included in operating expenses)	-	22

The total cash outflow for leases for the period ended 30 June 2024 was HK\$9,375,000 (30 June 2023: HK\$9,187,000).

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**13 Intangible assets**

	<b>HK\$000</b>
<b>Cost</b>	
At 31 December 2022	167,151
Addition	26,385
	<hr/>
At 31 December 2023	193,536
Addition	9,781
	<hr/>
At 30 June 2024	203,317
	<hr/>
<b>Accumulated amortisation</b>	
At 31 December 2022	(61,688)
Amortisation charge	(36,307)
	<hr/>
At 31 December 2023	(97,995)
Amortisation charge	(20,332)
	<hr/>
At 30 June 2024	(118,327)
	<hr/>
<b>Carrying amount</b>	
At 31 December 2023	95,541
	<hr/>
At 30 June 2024	84,990
	<hr/>

**14 Deposits from customers**

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Current and saving accounts	392,784	394,636
Time deposits	1,367,931	1,281,969
	<hr/>	<hr/>
<b>Total</b>	<b>1,760,715</b>	<b>1,676,605</b>
	<hr/>	<hr/>



**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**15 Analysis of the balances of cash and cash equivalents**

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Balances with banks	207,107	231,601
Placement with banks with original maturity on or less than 3 months	102,306	152,502
<b>Total</b>	<b>309,413</b>	<b>384,103</b>

**16 Issued share capital**

	<b>At 30 June 2024 Shares</b>	<b>At 31 December 2023 Shares</b>	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Ordinary shares issued and fully paid	2,683,775,814	1,500,000,000	1,940,000	1,500,000

On 24 May 2024, 1,183,775,814 ordinary shares were issued by the Bank and allotted to the immediate holding company, Gravitation Fintech HK Limited, for an aggregate subscription price of HK\$440,000,000.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Bank do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

## NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)

### 17 Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in the interim financial information are categorised within the fair value hierarchy as defined in HKFRS 13, "Fair value measurement". The following table and paragraph give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of the Bank's financial instruments are assumed to approximate their fair values, because of the short-term maturities of these instruments.

The following table provides an analysis of investment in securities measured at FVOCI, grouped into Levels 1 to 3 on the degree to which the fair value is observable.

	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Fair value hierarchy		
- Level 1	1,159,450	642,372
- Level 2	-	-
- Level 3	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>1,159,450</b>	<b>642,372</b>
	<hr/>	<hr/>

There are no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the period ended 30 June 2024 and the year ended 31 December 2023.

In estimating the fair value of the investment in securities classified as Level 1, the fair value is arrived at with reference to the unadjusted quoted prices in active market.

**NOTES TO THE INTERIM FINANCIAL INFORMATION (unaudited)**

**18 Related-party transactions**

The Bank had the following material outstanding balances with related parties:

<b>Relationship</b>	<b>Nature</b>	<b>At 30 June 2024 HK\$000</b>	<b>At 31 December 2023 HK\$000</b>
Close member of key management personnel in Ultimate holding company, Xiaomi Corporation	Deposits from customers	-	(32,559)

There were no other related party transactions described in 2023 financial statements that have had a material impact on the financial position or performance of the Bank for the period ended 30 June 2024.

**19 Approval of interim report**

The interim report was approved and authorised for issue by the Board of Directors on 21 August 2024.